

Compulsory Binding Arbitration Ballot Initiative

Fact Sheet

- **Busts the budget by \$500 million.** Binding arbitration for all state employees is projected to cost taxpayers at least \$500 million in additional personnel costs over three years. For example, binding arbitration for public safety personnel alone has cost the city of Detroit nearly \$700 million over the past two decades.
- **Removes oversight and review.** Under this proposal, neither the Michigan Legislature nor the Civil Service Commission will be allowed to review pay increases, eliminating the system of checks and balances. In fact, the legislature will have no authority to reject or reduce pay increases.
- **Retroactive pay raises break the budget.** Arbitration awards often include retroactive pay increases. For example, in 1995 state troopers and sergeants received \$28 million in retroactive pay raises. Another similar retroactive pay award of as much as \$35 million is expected in the near future.
- **Rising costs could force layoffs.** Uncontrolled increases in wage costs will box in the next administration, possibly forcing layoffs to avoid deficits. For example, a 1989 arbitration agreement that gave Detroit police and firefighters a 14 percent raise costing nearly \$50 million forced Mayor Coleman Young to order the layoff of 800 officers.
- **Unions are given unfair bargaining advantage.** The proposal requires the state of Michigan to bargain in good faith but includes no such provision for union negotiators.
- **Customer service and productivity could suffer.** Compulsory arbitration awards often undercut government decisions on work rules and working conditions. State managers will be hamstrung in efforts to improve poor work performance or to discipline workers who fail to complete their duties.
- **Compulsory arbitration awards contributed to Flint's financial crisis.** Spending imposed by mandatory arbitration removes the ability of governments to control a major portion of their budgets. Binding arbitration takes critical decisions out of the hands of elected leaders and puts it in the hands of unelected and unaccountable arbitrators.
- **Does not prohibit strikes by state employees.**